

## Message Text

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14

ACTION EB-07

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TO USDOC WASHDC

INFO SECSTATE WASHDC 8814

AMEMBASSY OTTAWA

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USDOC FOR BEWT/USSR AND TDAD

E.O. 11652: N/A

TAGS: EAIR, BEXP, EEWT, UR, CA

SUBJECT: SOVIET YAK-40 SALES IN NORTH AMERICA; INTEREST  
IN PURCHASE BY US FIRMS AVCO CORP. AND CANADIAN-USSR  
JOINT STOCK CO. EXCLUSIVE DISTRIBUTION CONTRACT

1. U.S. FIRM AVCO CORPORATION (2185 CHULETA COURT, LOS ALTOS, CALIFORNIA 94022) HAS BEEN DISCUSSING WITH SOVIET FTO AVIAEKSPORT PURCHASE OF YAK-40 AIRCRAFT. AVCO PRESIDENT, A. C. STENSRUD, HAS PROPOSED TO AVIAEKSPORT THAT AVCO DELEGATION VISIT MOSCOW IN FEBRUARY TO FINALIZE AGREEMENT WHEREBY AVCO WOULD INITIALLY BUY 50 YAK-40'S FOR SALE TO CENTRAL AND SOUTH AMERICA AND THEN, FOLLOWING FAA CERTIFICATION OF AIRCRAFT IN U.S. (WHICH AVCO WOULD ASSIST SOVIETS IN OBTAINING), AVCO WOULD PURCHASE AN ADDITIONAL 100 FOR SALE IN THE U.S.

2. AT REQUEST OF AVCO, COMMERCIAL OFFICE HAS FOLLOWED UP STENSRUD'S PROPOSAL FOR MOSCOW VISIT WITH AVIAEKSPORT OFFICIALS. AVIAEKSPORT HAS INDICATED THAT THEY REGARD MOSCOW VISIT IN FEBRUARY AS "PREMATURE" AND HAVE SUGGESTED THAT AVCO HOLD DISCUSSIONS WITH SOVIET TRADE REPRESENTATION IN WASHINGTON. STENSRUD'S JAN 15 TELEX TO COMMERCIAL OFFICE REPORTED THAT AFTER DISCUSSIONS WITH TRADE REP AND FAA, AVCO BELIEVES ONLY OBSTACLE TO AGREEMENT IS SLOW PROGRESS OF CERTIFICATION PROCEDURES. WITH APPARENT ENCOURAGEMENT OF TRADE REP, AVCO NOW PROPOSES  
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TO MAKE MAJOR EFFORT WITH FAA IN BEHALF OF AVIAEKSPORT TO

OBTAIN CERTIFICATION.

3. COMMERCIAL OFFICE BELIEVES THAT IT IS NOT CERTIFICATION ISSUE WHICH PRESENTS MAJOR BARRIER TO AVCO AGREEMENT WITH AVIAEKSPORT, BUT RATHER AVIAEKSPORT'S JOINT STOCK ARRANGEMENT WITH CANADIAN FIRM INTERNATIONAL JET AIR LTD. WHICH GRANTS CANADIAN-USSR COMPANY "SOCAN CANADA LIMITED" EXCLUSIVE DISTRIBUTION RIGHTS ON THE YAK-40 FOR ALL NORTH AMERICA. FURTHERMORE, COMMERCIAL OFFICE SUSPECTS THAT SOVIET OFFICIALS ARE BEING LESS THAN FRANK WITH AVCO AND MAY TRY TO USE FIRM TO ASSIST IN FAA CERTIFICATION OF YAK-40 WHILE DANGLING EXCLUSIVE U.S. DISTRIBUTORSHIP IN FRONT OF FIRM.

4. COMMERCIAL OFFICE HAS ALREADY SUGGESTED TO STENSRUD THAT HE CONTACT BEWT/ TDAD RE YAK-40 PURCHASE PROPOSAL. IN VIEW OF ABOVE CONSIDERATIONS, BEWT MIGHT WISH TO POINT OUT TO AVCO SOCAN CANADA LTD.'S EXCLUSIVE DISTRIBUTORSHIP ARRANGEMENT.

5. WITH REGARD TO CANADIAN CERTIFICATION OF YAK-40, CANADIAN COMMERCIAL OFFICER ADVISED JAN 16 THAT CANADIAN DEPARTMENT OF TRANSPORTATION TEAM EXPECTED IN MOSCOW NEXT WEEK FOR WHAT COULD BE FINAL DISCUSSIONS LEADING TO APPROVAL BY OTTAWA.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
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**Concepts:** COMMERCIAL AIRCRAFT, SALES  
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**Copy:** SINGLE  
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**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
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